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UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

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October 2, 1981

Dear Jeff:

Thank you for your letter of August 25 concerning the interest of [redacted] in purchasing U.S. surplus dairy products, particularly butter. I am afraid I cannot offer much encouragement. B6

The Commodity Credit Corporation, part of the Department of Agriculture and the owner of the dairy products, does not normally sell dairy products at less than the U.S. dairy product support price. These prices are well above current world market levels. The recent butter sale to the New Zealand Dairy Board was an exceptional event to reduce the CCC's extraordinarily large stock.

There is a further constraint in the case of butter sales at this time. The contract which USDA negotiated with the New Zealand Dairy Board includes a provision which requires the CCC to obtain the Dairy Board's consent to any additional commercial butter sales through June 30, 1982. The Dairy Board also has the first option on any CCC butter exported between July 1 and December 31, 1982. It is highly unlikely that the Dairy Board would concur in a sale [redacted] even if USDA were to propose one at this time. B6

Sincerely,

Myer Rashish

Mr. Jeffrey Kitchen,
Suite 810,
1910 K Street, N.W.,
Washington, D.C.

DEPARTMENT OF STATE
REVIEWED BY [redacted] 4/14/84
FOIA or PA EXEMPTION B6